

**TOWNSHIP OF GERRISH**  
**ROSCOMMON COUNTY, MICHIGAN**  
**AUDITED FINANCIAL STATEMENTS**  
**MARCH 31, 2008**

**TOWNSHIP OFFICIALS**

Supervisor

Greg Gaylor

Clerk

Norma Boyle

Treasurer

Rebecca Ragan

**TRUSTEES**

Wally Chwan

James Ostling

# TOWNSHIP OF GERRISH

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## James M. Anderson, P.C.

CERTIFIED PUBLIC ACCOUNTANT

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### INDEPENDENT AUDITOR'S REPORT

July 30, 2008

Township Board  
Gerrish Township  
Roscommon County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Gerrish, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund activity, and the aggregate remaining fund information of the Township of Gerrish, as of March 31, 2008, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MEMBER MACPA and AICPA

The management's discussion and analysis on pages 3-10 and budgetary comparison information on pages 30-38 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Gerrish's basic financial statements. The introductory section, combining and individual nonmajor financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

A handwritten signature in cursive script, appearing to read "James M. Anderson".

JAMES M. ANDERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

## TOWNSHIP OF GERRISH MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gerrish Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008.

### **Financial Highlights**

- . The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$4,656,590 (*net assets*). Of this amount, \$3,593,817 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations.
- . The Township's total net assets increased by \$356,941.
- . As of the close of the current fiscal year, the Township's general fund, reported an ending fund balance of \$581,850, an increase of \$55,633 in comparison with the prior year.
- . At the end of the current fiscal year, unreserved fund balance for the general fund was \$581,850 or 112% of total general expenditures.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1)Government-wide financial statements, 2)Fund financial statements, and 3)Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *Government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

TOWNSHIP OF GERRISH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Both of the Government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, and recreation and cultural. The Township does not have any business-type activities as of and for the year ended March 31, 2008.

The Government-wide financial statements can be found on pages 11-12 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains seven governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Fire, Police, Sanitation, Cemetery, Parks & Recreation, and Building Authority Funds.

The Township adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements or schedules have been provided for the governmental funds herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13-14 and 16-17 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the Government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

TOWNSHIP OF GERRISH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-29 of this report.

**Government-wide Financial Analysis**

A portion of the Township's net assets (23%) reflects its investments in capital assets (e.g., land, land improvements, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

**Township's Net Assets**

	Governmental Activities		Variance	%
	2008	2007		
Current and Other Assets	\$3,612,227	\$3,192,816	\$ 419,411	13.14
Capital Assets, Net	<u>1,387,773</u>	<u>1,467,937</u>	<u>(80,164)</u>	<u>(5.46)</u>
Total Assets	<u>5,000,000</u>	<u>4,660,753</u>	<u>339,247</u>	<u>7.27</u>
Current Liabilities	38,410	36,104	2,306	6.38
Long-Term Liabilities	<u>305,000</u>	<u>325,000</u>	<u>(20,000)</u>	<u>(6.15)</u>
Total Liabilities	<u>343,410</u>	<u>361,104</u>	<u>(17,694)</u>	<u>4.89</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,062,773	1,122,937	(60,164)	(5.35)
Unrestricted	<u>3,593,817</u>	<u>3,176,712</u>	<u>417,105</u>	<u>13.13</u>
<b>Total Net Assets</b>	<u><u>\$4,656,590</u></u>	<u><u>\$4,299,649</u></u>	<u><u>\$ 356,941</u></u>	<u><u>8.30</u></u>



TOWNSHIP OF GERRISH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The Township's net assets increased by \$356,941 during the current fiscal year. Unrestricted net assets - the part of net assets that can be used to finance day to day operations, increased by \$417,105 or 13%, during fiscal year 2008.

**Township's Changes in Net Assets**

	<b>Governmental Activities</b>		<u>Variance</u>	<u>%</u>
	<u>2008</u>	<u>2007</u>		
<b>Revenue:</b>				
Program Revenue:				
Charges for services	\$ 194,745	\$ 192,335	\$ 2,410	1.25
Operating Grants and Contributions	20,703	19,384	1,319	6.80
General Revenue:				
Property Taxes	1,758,623	1,803,203	(44,580)	(2.47)
State-Shared Revenues	216,008	214,943	1,065	0.49
Interest	125,634	107,702	17,932	16.64
Other	<u>10,206</u>	<u>33,836</u>	<u>(23,630)</u>	<u>(69.83)</u>
<b>Total Revenue</b>	<u>2,325,919</u>	<u>2,371,403</u>	<u>(45,484)</u>	<u>(1.91)</u>
<b>Expenses:</b>				
General Government	451,691	428,923	22,768	5.30
Public Safety	1,209,473	1,156,109	53,364	4.61
Public Works	279,183	342,896	(63,713)	(18.58)
Recreation and Culture	11,566	12,394	(828)	(6.68)
Other	<u>17,065</u>	<u>18,022</u>	<u>(957)</u>	<u>(5.31)</u>
<b>Total Expenses</b>	<u>1,968,978</u>	<u>1,958,344</u>	<u>10,634</u>	<u>0.54</u>
<b>Increase in Net Assets</b>	356,941	413,059	(56,118)	(13.58)
Net Assets, Beginning of Year	<u>4,299,649</u>	<u>3,886,590</u>	<u>413,059</u>	<u>10.62</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 4,656,590</u></u>	<u><u>\$ 4,299,649</u></u>	<u><u>\$ 356,941</u></u>	<u><u>8.30</u></u>

**Governmental Activities**

The Township's total governmental revenues decreased by \$45,484 from last fiscal year. This was primarily attributed to the reduction of revenue from property taxes and other revenue. Expenses increased by only \$10,634. This is primarily from the increased costs in the Fire Department offset by a significant reduction in road projects.

**Financial Analysis of the Government's Funds**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

TOWNSHIP OF GERRISH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$3,593,817, an increase of \$417,105 in comparison with the prior year. The *undesignated fund balance*, which is available for spending at the Township's discretion, constitutes 100% of this total amount.

The primary governmental fund is the General Fund of the Township. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 112% of total general fund expenditures.

The fund balance of the General Fund increased by \$55,633 during the current fiscal year.

#### General Fund Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The budgeted funds are the General, Fire, Police, Sanitation, Cemetery, Parks & Recreation, and Building Authority Funds.

#### Capital Assets and Debt Administration

**Capital assets.** The Township's investment in capital assets for its governmental activities as of March 31, 2008, amounted to \$1,387,773 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, and equipment. Additions totaled \$86,654 for the fiscal year.

#### Township's Capital Assets (net of depreciation)

	2008	2007	Total Percentage Change
Land	\$ 10,000	\$ 10,000	0.00
Land Improvements	16,067	16,981	(5.38)
Buildings and Improvements	993,989	1,041,804	(4.58)
Machinery and Equipment	367,717	399,152	(7.87)
Totals	<u>\$ 1,387,773</u>	<u>\$ 1,467,937</u>	<u>(5.46)</u>

Additional information on the Township's capital assets can be found in note F on page 27 of this report.

TOWNSHIP OF GERRISH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Factors Bearing on the Township's Future**

The following factors were considered in preparing the Township's budget for the 2008-2009 fiscal year:

One of the most challenging factors in today's economy is the housing market and it has not left Gerrish Township unturned. We have had and continue to have houses being sold way under value due to bank repossessions, and housing starts are not what they were a year ago. The challenge that this presents is keeping up with the assessments. We had given our assessor the task of visiting every property in the Township every 4 years to keep up with changes and to make sure that everyone is being assessed fairly. To this end we hired an extra person for the assessor's office some time ago; but have more recently hired a Level II assessor to work full time. We will now have two Level II assessors which will make their job much easier and make our mandate more likely to be met. A great amount of time has been spent over the past year converting to new software program (BS&A). This ended up being a sizable job.

We also continue to be threatened by the Theme Park in Crawford County. The status of this park continues to change from week to week. However, from the plans that I have seen the 244 exit will play a vital part in the access to the park and it being the first exit before the park; we will get more traffic than we are currently able to handle.

Our police department continues to be one of the finest in the State, and is constantly stepping it up another notch. We are finally back to full complement of officers with the addition of Officer Burmeister this past fall. This past year saw the addition of a Polaris AWD vehicle that was obtained by a grant. We were also supplemented with a domestic violence grant as well as a grant for seatbelt and alcohol enforcement. Chief Hill has put in his first year as chief, assisted by Sergeant Patchin, they are doing a great job and our police department is as a whole doing great. They have even managed to decrease their millage.

Our fire department is now being guided by Chief John Patchin and Assistant Chief Jim Lippert. We have made some great strides over the past year. One of those being the re-establishment of a capital equipment fund. A fund by which money is put away with the anticipation of replacing all of the vehicles over a specified period of time. This allows us to replace trucks as needed without having to find the funds. This did result in a temporary increase in the millage to get this account funded, as it had been depleted.

A new ambulance is on order and should be here before summer. We continue to provide ALS service to our residents as well as having a back-up ALS ambulance available.

TOWNSHIP OF GERRISH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

One of the biggest events that took place this past fall was the testing by ISO of our fire department to consider us for a lower protection class. This has been a long time coming and has constituted an insurmountable amount of work on behalf of the Township by the officers and all of the members of our Fire Department. It gives me great pleasure to announce at this time that effective June 1, 2008, Gerrish Township's protection class will be lowered to a "7". There are many reasons we received this reduced protection class, but I would like to thank John Patchin for the time and effort that he has personally put into this project. This means increased insurance capacity in the township as well as reduced rates on "everyone's" insurance policies.

Parks and recreation:

- . Lake Access Plan - We have approved the concept of a lake access plan, which will provide up to 300 boat slips for access to Higgins Lake by non-riparian's, as well as ramps for access. This plan is a work in process and will be implemented as time progresses.
- . Community Park & Marina - This project is progressing along. We did obtain the 2<sup>nd</sup> half of our grant for this project, for a total of \$4 million, with the Township able to receive \$2.8 million on a 70/30 match. This all depends on the purchase price of the property which has not yet been determined. Currently we are in the process of establishing this price. We have sent all of the title work into the Trust Fund for review as well as the appraisals have gone to the State for review. As soon as we receive the results from the state appraiser's office as to the fair market value of the property, we will be able to get with the sellers and determine a price. Sometime after that we will close on the property. It could be before summer, but realistically it may not be. However, if we can come up with a definitive selling price prior to summer and get a signed purchase agreement, we may be able to operate the property yet this summer under that agreement.
- . Township Park - The Park continues to operate effectively. There is a need for additional parking, which we may have to address. The plan is for some boat slips at this location at some point in the future.
- . Grosbeak Property - We will continue to work with the Roscommon County Road Commission to provide a solution to the day to day operation of this property.
- . Truck Purchase - We did purchase a new Township truck for use by our maintenance/parks department. It was necessary to replace the Ford Ranger pick up that we had been using due to the continuous repairs needed to keep it running. We were able to purchase the truck through a government program through McNamara Ford for about two-thirds of the list price.
- . Bike path - Roscommon Rotary Club is working on a bike path around the lake and we will continue to monitor and work with them on this project.

TOWNSHIP OF GERRISH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Zoning Ordinance - Our planning commission has been working diligently on completing our master plan and they are now working on revamping our zoning ordinances. They have done a fantastic job with a very monumental project.

Compost Site - Our compost site has really taken off, more than we had ever expected. It is amazing the amount of people in the Township that recycle. This is a much more convenient site than taking things to Higgins Township. We appreciate the residents that are making use of it.

Contingency Fund - Financially our Township is very sound. We have contingency funds that are substantial and every year all of our departments are able to carry a fund balance forward. We have implemented many processes to improve our financial position. One of those being a fund in each department to take care of future "major" building repairs. This will help prepare the Township for items like a new roof or anything else that may come along.

Roads - Our roads continue to suffer and struggle, with roll backs and increased costs, the Township just can't keep up with road maintenance and repair. We are getting farther and farther behind every year. We desperately need a road millage. We have put this on the ballot twice and two times now it has been defeated. We really could use a citizens group to get behind this project and push it forward. We'll do everything possible to make this a first class township, yet we continue to put up with 2<sup>nd</sup> class roads.

### **Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

**Gerrish Township  
2997 E. Higgins Lake Dr.  
Roscommon, MI 48653**

TOWNSHIP OF GERRISH  
STATEMENT OF NET ASSETS  
MARCH 31, 2008

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 1,797,720
Receivables:	
Accounts Receivable	7,815
Interest	15,799
Taxes and Assessments	1,757,887
Other Governmental Units	<u>33,006</u>
Total Current Assets	3,612,227
Non-Current Assets:	
Capital Assets - Net	<u>1,387,773</u>
Total Assets	<u>5,000,000</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	18,410
Current Portion of Long-Term Debt	<u>20,000</u>
Total Current Liabilities	<u>38,410</u>
Long-Term Liabilities:	
Bonds Payable	<u>305,000</u>
Total Liabilities	<u>343,410</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	1,062,773
Unrestricted	<u>3,593,817</u>
Total Net Assets	<u><u>\$ 4,656,590</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GERRISH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
GOVERNMENTAL ACTIVITIES					
General	\$ (451,691)	\$ 17,361	\$ 3,512	\$ -0-	\$ (430,818)
Public Safety	(1,209,473)	177,384	17,191	-0-	(1,014,898)
Public Works	(279,183)	-0-	-0-	-0-	(279,183)
Recreation and Cultural	(11,566)	-0-	-0-	-0-	(11,566)
Interest on Long-Term Debt	<u>(17,065)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(17,065)</u>
Total Governmental Activities	<u><u>\$ (1,968,978)</u></u>	<u><u>\$ 194,745</u></u>	<u><u>\$ 20,703</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ (1,753,530)</u></u>
GENERAL REVENUES					
Property Taxes Levied for:					
General Purpose					266,472
Public Safety					1,203,572
Public Works					288,579
State Shared Revenue not restricted to specific purposes					216,008
Loss on Sale of Assets					(2,821)
Miscellaneous					13,027
Investment Earnings					<u>125,634</u>
Total General Revenues					<u>2,110,471</u>
Change in Net Assets					356,941
Net Assets - April 1					<u>4,299,649</u>
Net Assets - March 31					<u><u>\$ 4,656,590</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GERRISH  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2008

ASSETS	<u>General</u>	<u>Fire</u>
Cash and investments	\$ 250,147	\$ 704,091
Taxes receivable	266,065	711,856
Due from other Governmental Units	33,006	-0-
Accounts receivable	-0-	7,815
Interest receivable	12,291	1,913
Due from other funds	<u>29,102</u>	<u>-0-</u>
Total Assets	<u>\$ 590,611</u>	<u>\$1,425,675</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 8,761	\$ 4,770
Due to other funds	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>8,761</u>	<u>4,770</u>
Fund Equity:		
Fund balance:		
Undesignated	<u>581,850</u>	<u>1,420,905</u>
Total Fund Equity	<u>581,850</u>	<u>1,420,905</u>
Total Liabilities and Fund Equity	<u>\$ 590,611</u>	<u>\$1,425,675</u>

The accompanying notes are an integral part of these financial statements.



<u>Police</u>	<u>Sanitation</u>	<u>Other Funds</u>	<u>Totals</u>
\$ 197,291	\$ 266,163	\$ 380,028	\$ 1,797,720
491,387	288,579	-0-	1,757,887
-0-	-0-	-0-	33,006
-0-	-0-	-0-	7,815
574	723	298	15,799
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>29,102</u>
<u>\$ 689,252</u>	<u>\$ 555,465</u>	<u>\$ 380,326</u>	<u>\$ 3,641,329</u>

\$ 4,879	\$ -0-	\$ -0-	\$ 18,410
<u>14,333</u>	<u>14,769</u>	<u>-0-</u>	<u>29,102</u>
<u>19,212</u>	<u>14,769</u>	<u>-0-</u>	<u>47,512</u>

<u>670,040</u>	<u>540,696</u>	<u>380,326</u>	<u>3,593,817</u>
<u>670,040</u>	<u>540,696</u>	<u>380,326</u>	<u>3,593,817</u>
<u>\$ 689,252</u>	<u>\$ 555,465</u>	<u>\$ 380,326</u>	<u>\$ 3,641,329</u>

TOWNSHIP OF GERRISH  
RECONCILIATION OF FUND BALANCES ON BALANCE SHEET  
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF  
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS  
MARCH 31, 2008

TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES	\$ 3,593,817
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not recorded in the funds. This represents the amounts by which capital assets used in governmental funds exceeds accumulated deprecia- tion.	1,387,773
Long-term liabilities, including notes/bonds payable and accrued liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(325,000)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 4,656,590</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GERRISH  
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN  
FUND BALANCE - GOVERNMENTAL FUND TYPES  
YEAR ENDED MARCH 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Police</u>
Revenues:			
Taxes and assessments	\$ 266,472	\$ 712,044	\$ 491,528
Intergovernmental	219,520	-0-	17,191
Charges for services	7,146	105,495	2,352
Licenses and permits	65,409	-0-	-0-
Interest	29,101	43,525	19,839
Other	<u>19,433</u>	<u>-0-</u>	<u>6,257</u>
Total Revenues	<u>607,081</u>	<u>861,064</u>	<u>537,167</u>
Expenditures:			
General government	436,608	-0-	-0-
Building administration	73,956	-0-	-0-
Law enforcement	-0-	-0-	481,040
Fire	-0-	582,763	-0-
Sanitation	-0-	-0-	-0-
Road projects	10,884	-0-	-0-
Cemetery	-0-	-0-	-0-
Recreation and cultural	-0-	-0-	-0-
Debt service:			
Principal	-0-	-0-	-0-
Interest and fees	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures	<u>521,448</u>	<u>582,763</u>	<u>481,040</u>
Excess:			
Revenue over			
(under) expenditures	<u>85,633</u>	<u>278,301</u>	<u>56,127</u>
Other financing sources (uses):			
Operating transfers in	-0-	-0-	-0-
Operating transfers (out)	<u>(30,000)</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing			
Sources (Uses)	<u>(30,000)</u>	<u>-0-</u>	<u>-0-</u>
Excess:			
Revenue and other financing			
sources over (under) expendi-			
tures and other Uses	55,633	278,301	56,127
Fund Balance - April 1	<u>526,217</u>	<u>1,142,604</u>	<u>613,913</u>
Fund Balance - March 31	<u>\$ 581,850</u>	<u>\$ 1,420,905</u>	<u>\$ 670,040</u>

The accompanying notes are an integral part of these financial statements.

<u>Sanitation</u>	<u>Other Funds</u>	<u>Totals</u>
\$ 288,579	\$ -0-	\$ 1,758,623
-0-	-0-	236,711
-0-	9,990	124,983
-0-	-0-	65,409
18,790	14,379	125,634
-0-	-0-	25,690
<u>307,369</u>	<u>24,369</u>	<u>2,337,050</u>
-0-	-0-	436,608
-0-	-0-	73,956
-0-	-0-	481,040
-0-	-0-	582,763
268,299	-0-	268,299
-0-	-0-	10,884
-0-	20,475	20,475
-0-	8,855	8,855
-0-	20,000	20,000
-0-	17,065	17,065
<u>268,299</u>	<u>66,395</u>	<u>1,919,945</u>
<u>39,070</u>	<u>(42,026)</u>	<u>417,105</u>
-0-	30,000	30,000
-0-	-0-	(30,000)
<u>-0-</u>	<u>30,000</u>	<u>-0-</u>
39,070	(12,026)	417,105
<u>501,626</u>	<u>392,352</u>	<u>3,176,712</u>
<u>\$ 540,696</u>	<u>\$ 380,326</u>	<u>\$ 3,593,817</u>

TOWNSHIP OF GERRISH  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2008

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 417,105
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds do not report long-term debt; therefore, debt service payments are recorded as expenditures. However in government-wide financial statements, long-term debt is recorded as a liability and payments are applied against the outstanding balances.	20,000
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of these assets are capitalized and depreciation charged to expense over their use- ful life.	<u>(80,164)</u>
CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 356,941</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GERRISH  
STATEMENT OF FIDUCIARY NET ASSETS  
MARCH 31, 2008

ASSETS	
Cash and Investments	<u>\$1,662,959</u>
LIABILITIES	
Undistributed Collections	<u>1,662,959</u>
Total Liabilities	<u>1,662,959</u>
NET ASSETS	
Net Assets	<u><u>\$ -0-</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GERRISH  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
YEAR ENDED MARCH 31, 2008

REVENUES	
Property Tax Collections	\$ 8,202,615
Interest Collections	21,141
Other	<u>16,359</u>
Total Revenues	<u>8,240,115</u>
EXPENDITURES	
Property Taxes	8,202,615
Other	<u>37,500</u>
Total Expenditures	<u>8,240,115</u>
Excess of Revenues over Expenditures	-0-
Net Assets - April 1	<u>-0-</u>
Net Assets - March 31	<u><u>\$ -0-</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GERRISH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008

NOTE A: ENTITY

The Township of Gerrish is a general law township of the state of Michigan located in Roscommon County, Michigan. It operates under an elected board and provides services to its residents in many areas including law enforcement, fire and ambulance services, community enrichment, and human services. As required by generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement no. 14 "The Financial Reporting Entity", these financial statements present the Township of Gerrish (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Gerrish conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: The government-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect expenses* are charged based upon a Township-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.



TOWNSHIP OF GERRISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and select compensated absences are recorded only when payment is due.

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* is used to account for all financial activity related to the Township's fire and ambulance service. The main source of revenue is derived from property taxes and ambulance fees.

The *Police Fund* is used to account for activity related to the Township's law enforcement services. The major source of revenue is from property taxes.

The *Sanitation Fund* is used to account for the Township's refuse pick-up services. The primary source of revenue is derived from property tax assessments.

TOWNSHIP OF GERRISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The Township reports, in total, the following non-major governmental funds:

Parks and Recreation Fund  
Cemetery Fund  
Building Authority

Additionally, the Township reports the following fund types:

*Agency Funds* are used to account for assets held on behalf of outside parties, including other governments.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes are levied on December 1 of the following year. These taxes are due on February 15; uncollected amounts are subsequently added to the county delinquent tax rolls. A county revolving fund normally pays the balance of the Township's tax levy by May 31 of each year. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Township records the property tax revenue when it becomes an enforceable legal claim for the Township. Therefore, all taxes levied on December 1, 2007, are recorded as revenue in the current year. The Township's taxable value for the 2007 tax year totaled \$269,566,393.

The tax rates for the year ended March 31, 2008, were as follows:

<u>PURPOSE</u>	<u>RATE/ASSESSED VALUATION</u>
General	.9794 mills per \$1,000
Fire	Special Assessment
Police	Special Assessment
Sanitation	Special Assessment

BUDGETS - Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during January and February of each year and a budget hearing is held in March. The board normally adopts the budget just prior to April 1. Amendments are made to the budgets when determined to be necessary throughout the year. Unused appropriations for budgeted activities lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF GERRISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their estimated fair value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on the capital assets (including infrastructure), is computed using the straight-line or sum-of-the-years digits method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings	30-50
Public domain infrastructure	8-50
Equipment	3-20

LONG-TERM OBLIGATIONS - In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWNSHIP OF GERRISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE C - CASH AND INVESTMENTS

The captions on the balance sheets related to deposits and investments are as follows:

	<u>Cash and Deposits</u>	<u>Investments</u>	<u>Total</u>
Government Activities	\$ 228,824	\$ 1,568,896	\$ 1,797,720
Agency Funds	152	1,662,807	1,662,959
Total	<u>\$ 228,976</u>	<u>\$ 3,231,703</u>	<u>\$ 3,460,697</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$228,976 and the bank balance was \$240,542. According to Section 330.8 of the Federal Deposit Insurance Corporation Rules and Regulations, 66% of the total bank balance was covered by federal depository insurance.

The Government Accounting Standards Board Statement No. 3 risk disclosures for Gerrish Township's cash deposits are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 148,025	\$ 159,591
Uninsured and Uncollateralized	80,951	80,951
Total Deposits	<u>\$ 228,976</u>	<u>\$ 240,542</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Interest Rate Risk

The Township has not adopted a policy that indicates how the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time.

Concentration of Credit Risk

The Township has adopted a policy that indicates that the Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

TOWNSHIP OF GERRISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE C - CASH AND INVESTMENTS (CONTINUED)

Investments - Act 217, PA 1982, authorizes the Township to deposit and invest in the following:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- c. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
- d. United States governmental or Federal agency obligation repurchase agreements.
- e. Bankers' acceptance of United States banks.
- f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Township's name.

All of the Township's investments totaling \$3,231,703 were in MBIA Municipal Investors Service Corporation which are made up of U.S. Treasury, Agencies, and instrumentalities, commercial paper, banker's acceptances and repurchase agreements.

TOWNSHIP OF GERRISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable consists of ambulance billings of \$7,815.

NOTE E - DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consists of amounts due from the State of Michigan of \$33,006.

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2008 was as follows:

<u>Primary Government</u>	<u>Beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Governmental activities:				
Land	<u>\$ 10,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 10,000</u>
Total capital Assets, not being depreciated	<u>10,000</u>	<u>-0-</u>	<u>-0-</u>	<u>10,000</u>
Capital assets, being depreciated:				
Land improvements	18,275	-0-	-0-	18,275
Building and improvements	2,033,671	-0-	-0-	2,033,671
Machinery and equipment	<u>1,172,188</u>	<u>86,654</u>	<u>97,360</u>	<u>1,161,482</u>
Total capital assets, being depreciated	<u>3,224,134</u>	<u>86,654</u>	<u>97,360</u>	<u>3,213,428</u>
Less accumulated depreciation for:				
Land improvements	1,294	914	-0-	2,208
Buildings and improvements	991,867	47,815	-0-	1,039,682
Machinery and equipment	<u>773,036</u>	<u>106,958</u>	<u>86,229</u>	<u>793,765</u>
Total accumulated depreciation	<u>1,766,197</u>	<u>155,687</u>	<u>86,229</u>	<u>1,835,655</u>
Net capital assets, being depreciated	<u>1,457,937</u>	<u>(69,033)</u>	<u>11,131</u>	<u>1,377,773</u>
Net governmental activities capital assets	<u>\$ 1,467,937</u>	<u>(69,033)</u>	<u>\$ 11,131</u>	<u>\$ 1,387,773</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 29,053
Public safety	123,923
Recreation and cultural	<u>2,711</u>
Total depreciation expense - governmental activities	<u>\$ 155,687</u>

TOWNSHIP OF GERRISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE G - PENSION PLAN

The Township has a pension plan covering substantially all of its elected and appointed officials and employees. The plan is maintained with the Variable Annuity Life Insurance Company. Total pension expense for the year was \$38,550. The plan provides fully insured pension credits and each year's contributions sufficient to fully fund the benefits earned during the year. Payments to the plan have been used to purchase pension benefits, so there are no separate plan assets.

NOTE H - LONG-TERM DEBT

The following is a summary of the debt outstanding of the Township as of March 31, 2008:

	<u>No. of Issues</u>	<u>Interest Rate %</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
1998 Building Authority Bonds	1	5.1 to 7.0%	2018	<u>\$ 325,000</u>

CHANGES IN LONG-TERM DEBT

	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2008</u>	<u>Due Within one year</u>
General Long-term Debt	<u>\$ 345,000</u>	<u>\$ -0-</u>	<u>\$ 20,000</u>	<u>\$ 325,000</u>	<u>\$ 20,000</u>

ANNUAL DEBT SERVICE REQUIREMENTS:

<u>Year Ending March 31,</u>	
2009	\$ 35,835
2010	34,885
2011	38,793
2012	37,555
2013	36,305
2014-2018	<u>244,155</u>
	427,528
Less Interest	<u>102,528</u>
Total Principal Outstanding	<u>\$ 325,000</u>

TOWNSHIP OF GERRISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE H - LONG-TERM DEBT (CONTINUED)

1998 Building Authority Bonds

On February 10, 1998, the Township formed a building authority to provide for the acquisition and construction of certain public buildings, parking lots, or other sites used for the Township. During the year ended March 31, 2000, the Township Building Authority issued \$440,000 General Obligation Limited Tax bonds for the construction of a law enforcement facility.

NOTE I - PARTIAL SELF-INSURANCE

The Township is a member of the Michigan Municipal Risk Management Authority. As a member of the Authority, the Township is partially self-insured for general and auto liability, motor vehicle physical damage and property loss claims. Under most circumstances, the municipality's maximum coverage is limited as follows:

<u>Type</u>	<u>Limit</u>	<u>Deductible</u>
Property	\$ 3,347,572	100
Liability	5,000,000	-0-
Errors and Omission	5,000,000	-0-
Law Enforcement	5,000,000	-0-
Automobiles	5,000,000	500
Crime	10,000	-0-
Inland Marine	205,800	250
EDP	40,000	100
Workmen's Compensation	STATUTORY	-0-



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

TOWNSHIP OF GERRISH  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes and Assessments:				
General property taxes	\$ 248,644	\$ 248,644	\$ 266,472	\$ 17,828
Total Taxes and Assessments	<u>248,644</u>	<u>248,644</u>	<u>266,472</u>	<u>17,828</u>
Intergovernmental:				
State shared revenues	216,765	216,765	210,049	(6,716)
State swamp tax	5,970	5,970	5,959	(11)
Metro-Act	<u>3,470</u>	<u>3,470</u>	<u>3,512</u>	<u>42</u>
Total Intergovernmental	<u>226,205</u>	<u>226,205</u>	<u>219,520</u>	<u>(6,685)</u>
Charges for Services:				
Fees	8,974	8,974	6,921	(2,053)
Rent	<u>500</u>	<u>500</u>	<u>225</u>	<u>(275)</u>
Total Charges for Services	<u>9,474</u>	<u>9,474</u>	<u>7,146</u>	<u>(2,328)</u>
Licenses and Permits	<u>70,000</u>	<u>70,000</u>	<u>65,409</u>	<u>(4,591)</u>
Interest	<u>12,000</u>	<u>12,000</u>	<u>29,101</u>	<u>17,101</u>
Other:				
Reimbursements	16,875	16,875	14,601	(2,274)
Fines and forfeitures	3,000	3,000	4,128	1,128
Sale of fixed assets	-0-	-0-	377	377
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>327</u>	<u>327</u>
Total Other	<u>19,875</u>	<u>19,875</u>	<u>19,433</u>	<u>(442)</u>
Total Revenue	<u>586,198</u>	<u>586,198</u>	<u>607,081</u>	<u>20,883</u>

TOWNSHIP OF GERRISH  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government				
Township Board:				
Salaries-board	\$ 12,232	\$ 12,232	\$ 10,529	\$ 1,703
Wages-receptionist	26,479	27,394	25,775	1,619
Payroll taxes	12,500	12,500	10,619	1,881
Legal fees	15,000	14,400	9,421	4,979
Professional services	9,500	9,500	10,026	(526)
Retirement	16,424	16,424	15,916	508
Repairs and maintenance	2,500	2,500	810	1,690
Health Insurance	9,000	9,079	7,303	1,776
Printing and publishing	1,000	1,500	1,064	436
Postage	2,000	3,000	2,502	498
Office supplies	2,500	2,500	1,529	971
Telephone	500	500	307	193
Miscellaneous	7,900	8,500	3,788	4,712
Street signs	2,000	2,000	588	1,412
Equipment	<u>2,500</u>	<u>1,500</u>	<u>-0-</u>	<u>1,500</u>
Total Township Board	<u>122,035</u>	<u>123,529</u>	<u>100,177</u>	<u>23,352</u>
Township Supervisor:				
Salary	24,428	24,428	20,142	4,286
Wages - Secretary	5,408	5,408	1,095	4,313
Wages - Deputy	1,000	1,000	519	481
Fringe benefits	90	4,376	4,170	206
Mileage	500	500	-0-	500
Office supplies	900	900	180	720
Repairs and maintenance	250	250	-0-	250
Miscellaneous	1,350	1,350	813	537
Equipment	<u>1,000</u>	<u>1,000</u>	<u>-0-</u>	<u>1,000</u>
Total Township Supervisor	<u>34,926</u>	<u>39,212</u>	<u>26,919</u>	<u>12,293</u>

TOWNSHIP OF GERRISH  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government (continued)				
Township Assessor:				
Salary	\$ 36,879	\$ 37,820	\$ 36,905	\$ 915
Field help	15,600	15,450	12,336	3,114
Fringe benefits	10,775	9,860	8,892	968
Notices and postage	2,500	2,500	1,488	1,012
Mileage	250	450	298	152
Office supplies	6,750	7,150	3,598	3,552
Equalization support	8,500	8,500	6,731	1,769
Repairs and maintenance	1,500	900	74	826
Miscellaneous	1,250	1,374	1,310	64
Equipment	<u>1,750</u>	<u>1,750</u>	<u>-0-</u>	<u>1,750</u>
Total Township Assessor	<u>85,754</u>	<u>85,754</u>	<u>71,632</u>	<u>14,122</u>
Election Board:				
Wages	4,000	4,000	1,693	2,307
Supplies	500	500	254	246
Printing and Publishing	150	150	-0-	150
Repairs and maintenance	900	900	-0-	900
Miscellaneous	<u>500</u>	<u>500</u>	<u>45</u>	<u>455</u>
Total Election Board	<u>6,050</u>	<u>6,050</u>	<u>1,992</u>	<u>4,058</u>
Township Clerk:				
Salary - clerk	33,214	33,214	33,214	-0-
Salary - deputy	6,500	6,500	5,856	644
Fringe benefits	85	85	54	31
Mileage	250	250	57	193
Office supplies	3,250	3,250	1,817	1,433
Printing and publishing	2,500	2,500	1,575	925
Repairs and maintenance	3,000	3,000	2,565	435
Miscellaneous	<u>650</u>	<u>650</u>	<u>109</u>	<u>541</u>
Total Township Clerk	<u>49,449</u>	<u>49,449</u>	<u>45,247</u>	<u>4,202</u>

TOWNSHIP OF GERRISH  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government (continued)				
Township Treasurer:				
Salary - treasurer	\$ 30,703	\$ 30,703	\$ 30,703	\$ -0-
Salary - deputy	15,880	15,880	14,230	1,650
Fringe benefits	90	3,606	3,598	8
Mileage	750	1,161	1,094	67
Office supplies	1,450	1,589	1,568	21
Postage	2,800	2,800	2,740	60
Tax statements	4,000	3,500	2,663	837
Repairs and maintenance	800	750	454	296
Miscellaneous	<u>650</u>	<u>650</u>	<u>620</u>	<u>30</u>
Total Township Treasurer	<u>57,123</u>	<u>60,639</u>	<u>57,670</u>	<u>2,969</u>
Board of Review:				
Salaries	2,500	2,500	2,231	269
Legal	200	200	81	119
Miscellaneous	<u>400</u>	<u>400</u>	<u>237</u>	<u>163</u>
Total Board of Review	<u>3,100</u>	<u>3,100</u>	<u>2,549</u>	<u>551</u>
Township Hall:				
Custodial wages	24,936	24,936	21,764	3,172
Utilities	6,800	8,740	7,690	1,050
Mileage	250	250	188	62
Supplies	2,800	3,800	2,654	1,146
Insurance and bonds	17,500	15,800	15,502	298
Repairs and maintenance	6,000	4,060	4,192	(132)
Street lights	8,000	9,947	9,947	-0-
Communications	2,250	2,700	2,660	40
Miscellaneous	500	500	184	316
Equipment/building	<u>12,500</u>	<u>37,655</u>	<u>37,535</u>	<u>120</u>
Total Township Hall	<u>81,536</u>	<u>108,388</u>	<u>102,316</u>	<u>6,072</u>

TOWNSHIP OF GERRISH  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Zoning:				
Salaries	\$ 10,000	\$ 16,000	\$ 14,982	\$ 1,018
Legal Notices	1,000	1,000	839	161
Professional services	24,500	24,500	12,270	12,230
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>15</u>	<u>1,485</u>
Total Zoning	<u>37,000</u>	<u>43,000</u>	<u>28,106</u>	<u>14,894</u>
Total General Government	<u>476,973</u>	<u>519,121</u>	<u>436,608</u>	<u>82,513</u>
Special Assessments:				
Road projects	<u>4,500</u>	<u>10,884</u>	<u>10,884</u>	<u>-0-</u>
Total Special Assessments	<u>4,500</u>	<u>10,884</u>	<u>10,884</u>	<u>-0-</u>
Building Administration:				
Plumbing and mechanical inspector	15,000	15,000	12,754	2,246
Electrical inspector	12,500	14,000	14,066	(66)
Building inspector	46,000	48,700	46,431	2,269
Office supplies	1,000	1,300	507	793
Miscellaneous	600	600	198	402
Equipment	<u>2,000</u>	<u>2,000</u>	<u>-0-</u>	<u>2,000</u>
Total Inspectors	<u>77,100</u>	<u>81,600</u>	<u>73,956</u>	<u>7,644</u>

TOWNSHIP OF GERRISH  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Contingency	\$ 125,625	\$ 87,474	\$ -0-	\$ 87,474
Total Expenditures	<u>684,198</u>	<u>699,079</u>	<u>521,448</u>	<u>177,631</u>
Excess:				
Revenues over (under) expenditures	<u>(98,000)</u>	<u>(112,881)</u>	<u>85,633</u>	<u>198,514</u>
Other financing sources (uses):				
Operating transfers (out)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-0-</u>
Excess:				
Revenue and other financing sources over (under) expenditures and other financing uses	<u>(128,000)</u>	<u>(142,881)</u>	<u>55,633</u>	<u>198,514</u>
Fund Balance - April 1	<u>128,000</u>	<u>142,881</u>	<u>526,217</u>	<u>383,336</u>
Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 581,850</u>	<u>\$ 581,850</u>

TOWNSHIP OF GERRISH  
FIRE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2008

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 715,616	\$ 715,616	\$ 712,044	\$ (3,572)
Charges for services	82,500	82,500	105,495	22,995
Interest	20,000	20,000	43,525	23,525
Total Revenues	<u>818,116</u>	<u>818,116</u>	<u>861,064</u>	<u>42,948</u>
Expenditures:				
Wages	348,015	355,515	304,030	51,485
Payroll taxes	59,392	59,392	24,409	34,983
Fringe benefits	32,551	33,585	51,136	(17,551)
Utilities	13,000	13,000	9,778	3,222
Office supplies	18,000	21,300	15,076	6,224
Communication	3,500	3,500	3,358	142
Training & education	27,200	27,200	7,131	20,069
Insurance	35,293	35,293	29,416	5,877
Supplies	25,000	27,350	24,063	3,287
Repairs and maintenance	73,100	85,800	58,226	27,574
Services	17,950	17,950	14,087	3,863
Mileage	1,110	1,110	123	987
Miscellaneous	10,000	15,294	12,854	2,440
Equipment/building	581,913	549,735	29,076	520,659
Total Expenditures	<u>1,246,024</u>	<u>1,246,024</u>	<u>582,763</u>	<u>663,261</u>
Excess:				
Revenues over (under) expenditures	(427,908)	(427,908)	278,301	706,209
Fund Balance - April 1	<u>427,908</u>	<u>427,908</u>	<u>1,142,604</u>	<u>714,696</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$1,420,905</u>	<u>\$ 1,420,905</u>



TOWNSHIP OF GERRISH  
POLICE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2008

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 526,114	\$ 526,114	\$ 491,528	\$ (34,586)
Federal	28,500	28,500	14,250	(14,250)
State	1,664	5,627	2,941	(2,686)
Charges for services	2,152	9,847	2,352	(7,495)
Interest	15,000	15,000	19,839	4,839
Other	-0-	411	6,257	5,846
Total Revenues	<u>573,430</u>	<u>585,499</u>	<u>537,167</u>	<u>(48,332)</u>
Expenditures:				
Wages	360,018	370,023	299,460	70,563
Payroll Taxes	26,558	26,834	23,831	3,003
Fringe benefits	82,254	75,971	49,676	26,295
Utilities	8,000	8,374	8,374	-0-
Office supplies	7,000	7,000	5,470	1,530
Communication	6,500	6,500	4,946	1,554
Training & education	7,500	8,375	6,290	2,085
Insurance	20,000	18,735	15,067	3,668
Supplies	23,500	23,500	19,606	3,894
Repairs and maintenance	26,000	29,375	15,108	14,267
Services	8,000	8,750	6,393	2,357
Travel & meals	5,000	5,000	3,088	1,912
Miscellaneous	6,040	6,102	2,209	3,893
Equipment/building	<u>94,881</u>	<u>98,781</u>	<u>21,522</u>	<u>77,259</u>
Total Expenditures	<u>681,251</u>	<u>693,320</u>	<u>481,040</u>	<u>212,280</u>
Excess:				
Revenues over (under) expenditures	(107,821)	(107,821)	56,127	163,948
Fund Balance - April 1	<u>107,821</u>	<u>107,821</u>	<u>613,913</u>	<u>506,092</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 670,040</u>	<u>\$ 670,040</u>

TOWNSHIP OF GERRISH  
SANITATION FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Special Assessments	\$ 280,000	\$ 280,000	\$ 288,579	\$ 8,579
Fees	2,200	2,200	-0-	(2,200)
Interest	<u>15,000</u>	<u>15,000</u>	<u>18,790</u>	<u>3,790</u>
Total Revenues	<u>297,200</u>	<u>297,200</u>	<u>307,369</u>	<u>10,169</u>
Expenditures:				
Wages	5,000	5,000	2,038	2,962
Payroll taxes	350	350	123	227
Contracted services	312,580	312,580	266,080	46,500
Miscellaneous	5,000	5,000	58	4,942
Contingency	<u>174,270</u>	<u>174,270</u>	<u>-0-</u>	<u>174,270</u>
Total Expenditures	<u>497,200</u>	<u>497,200</u>	<u>268,299</u>	<u>228,901</u>
Excess:				
Revenues over (under) expenditures	(200,000)	(200,000)	39,070	239,070
Fund Balance - April 1	<u>200,000</u>	<u>200,000</u>	<u>501,626</u>	<u>301,626</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 540,696</u>	<u>\$ 540,696</u>

TOWNSHIP OF GERRISH  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
MARCH 31, 2008

	<u>Cemetery</u>	<u>Building Authority</u>	<u>Parks &amp; Recreation</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 81,282	\$ 288,295	\$ 10,451	\$ 380,028
Interest receivable	<u>-0-</u>	<u>298</u>	<u>-0-</u>	<u>298</u>
Total Assets	<u>\$ 81,282</u>	<u>\$ 288,593</u>	<u>\$ 10,451</u>	<u>\$ 380,326</u>
Fund Balance:				
Undesignated	<u>\$ 81,282</u>	<u>\$ 288,593</u>	<u>\$ 10,451</u>	<u>\$ 380,326</u>
Total Fund Equity	<u>\$ 81,282</u>	<u>\$ 288,593</u>	<u>\$ 10,451</u>	<u>\$ 380,326</u>

TOWNSHIP OF GERRISH  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2008

	<u>Cemetery</u>	<u>Building Authority</u>	<u>Parks &amp; Recreation</u>	<u>Totals</u>
Revenues:				
Fees	\$ 9,990	\$ -0-	\$ -0-	\$ 9,990
Interest	<u>4,769</u>	<u>8,684</u>	<u>926</u>	<u>14,379</u>
Total Revenues	<u>14,759</u>	<u>8,684</u>	<u>926</u>	<u>24,369</u>
Expenditures:				
Wages	6,164	-0-	4,852	11,016
Payroll taxes	181	-0-	371	552
Utilities	305	-0-	338	643
Supplies	-0-	-0-	3,112	3,112
Services	-0-	-0-	10,279	10,279
Repairs and maintenance	1,359	-0-	755	2,114
Miscellaneous	846	-0-	768	1,614
Debt Service:				
Principal	-0-	20,000	-0-	20,000
Interest	<u>-0-</u>	<u>17,065</u>	<u>-0-</u>	<u>17,065</u>
Total Expenditures	<u>8,855</u>	<u>37,065</u>	<u>20,475</u>	<u>66,395</u>
Excess:				
Revenues over (under) expenditures	<u>5,904</u>	<u>(28,381)</u>	<u>(19,549)</u>	<u>(42,026)</u>
Other financing sources (uses):				
Operating transfers (in)	<u>-0-</u>	<u>-0-</u>	<u>30,000</u>	<u>30,000</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>30,000</u>	<u>30,000</u>
Excess:				
Revenue and other financing sources over (under) expenditures and other uses	5,904	(28,381)	10,451	(12,026)
Fund Balance - April 1	<u>75,378</u>	<u>316,974</u>	<u>-0-</u>	<u>392,352</u>
Fund Balance - March 31	<u>\$ 81,282</u>	<u>\$ 288,593</u>	<u>\$ 10,451</u>	<u>\$ 380,326</u>



James M. Anderson, P.C.

CERTIFIED PUBLIC ACCOUNTANT

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**COMMUNICATION OF SIGNIFICANT DEFICIENCIES  
AND MATERIAL WEAKNESSES**

July 30, 2008

Township Board  
Gerrish Township  
Roscommon County, Michigan

In planning and performing my audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Gerrish, Michigan as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, I considered Gerrish Township's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly I do not express an opinion on the effectiveness of the governmental unit's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control that I consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the following deficiency to be a significant deficiency in internal control.

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting). As is the case with most small and medium-sized entities, the Township has historically relied on its independent external auditor to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot, by definition, be considered a part of the government's internal controls. This condition was caused by the Township's determination that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Township to perform this task internally.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control. I believe that the deficiency described above is a material weakness.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

A handwritten signature in cursive script, appearing to read "James M. Anderson".

JAMES M. ANDERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANT



## James M. Anderson, P.C.

CERTIFIED PUBLIC ACCOUNTANT

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July 30, 2008

Township Board  
Gerrish Township  
Roscommon County, MI

Dear Board Members:

I have audited the financial statements of each major fund and the aggregate remaining fund information of the Township of Gerrish for the year ended March 31, 2008, and have issued my report thereon dated July 30, 2008. Professional standards require that I provide you with the following information related to my audit.

### My Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in my engagement letter dated July 27, 2008, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting standards. Because an audit is designed to provide reasonable, but not absolute assurance and because I did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me.

As part of my audit, I considered the internal control of the Township of Gerrish. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Gerrish Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

### Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Gerrish are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. I noted no transactions entered into by the Township of Gerrish during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

MEMBER MACPA and AICPA

#### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

#### Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Gerrish Township's financial reporting process (that is, cause future financial statements to be materially misstated). In my judgment, none of the adjustments I proposed, whether recorded or unrecorded by the Township of Gerrish, either individually or in the aggregate, indicate matters that could have a significant effect on Gerrish Township's financial reporting process.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

#### Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves applications of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

#### Issues Discussed Prior to Retention of Independent Auditors

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Gerrish Township's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.



Township Board  
Gerrish Township  
July 30, 2008  
Page 3

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing my audit.

This information is intended solely for the use of management, Township Board and the Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "James M. Anderson".

James M. Anderson, P.C.  
Certified Public Accountant